



Report
Q2 2023

solar

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Solar A/S
CVR no. 15 90 84 16



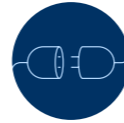
Who we are

We are a leading European sourcing and services company.

solar

Segments

Share of 2022 revenue



Installation

58%



Industry

33%



Trade

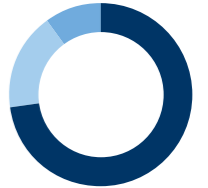
9%

Products

Share of 2022 revenue

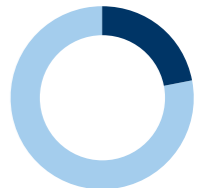
Groups

● Electrical	73%
● Heating & Plumbing	17%
● Climate & Energy	10%



Brands

● Concepts	23%
● Other brands	77%

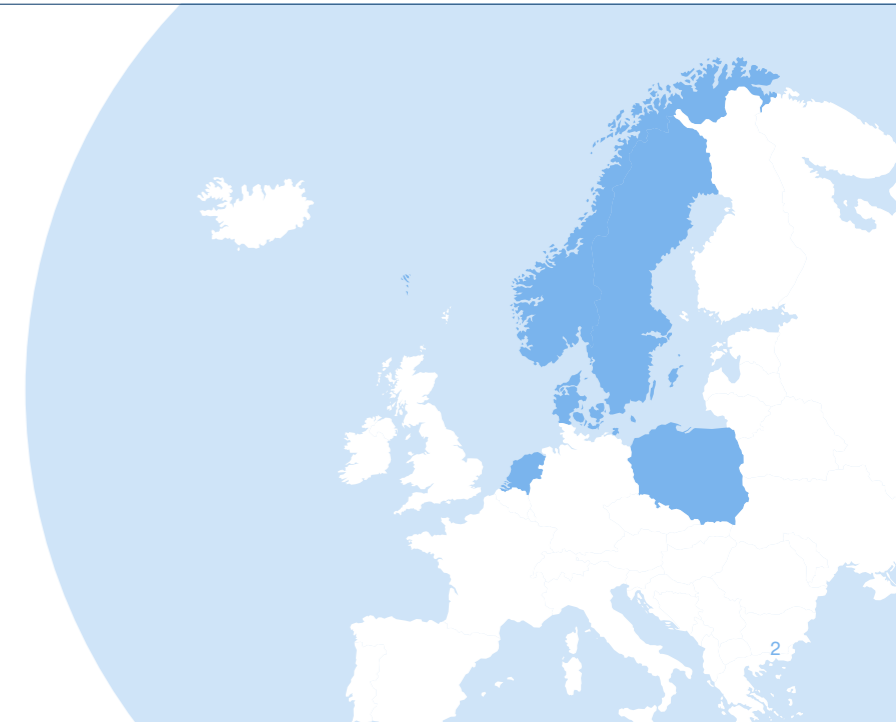


Markets

Share of 2022 revenue

Denmark	33%
The Netherlands	24%
Sweden	20%
Norway	16%
Poland	4%
Other ¹	3%

¹) Including eliminations



Contents

Our purpose

We improve construction, building operation and industry processes with a commitment to sustainability and productivity. For our customers. With our partners. For a better world.

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Strengthening margin and earnings

We launched our Core and Core+ strategy in 2018 and 2021 respectively, largely targeting Concepts and Industry as well as efficiency in general. We boosted our EBITDA from DKK 362m in 2017 to a projected DKK 900m in 2023.

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Solar plants 116,000 trees for the benefit of climate and environment

Solar has converted 38 hectares of agricultural land into a new forest in Vejen, Denmark, where 116,000 trees have been planted: 35% deciduous and 65% coniferous.

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Financial highlights

Consolidated (DKK million)	Q2		H1		Year
	2023	2022	2023	2022	2022
Revenue	3,250	3,451	6,906	6,913	13,863
Earnings before interest, tax, depreciation and amortisation (EBITDA)	214	267	494	548	1,175
Earnings before interest, tax and amortisation (EBITA)	159	218	385	454	978
Earnings before interest and tax (EBIT)	121	202	330	424	909
Earnings before tax (EBT)	101	193	290	410	858
Net profit for the period	77	147	222	315	660
Balance sheet total	6,317	5,679	6,317	5,679	5,901
Total equity	1,810	1,600	1,810	1,600	1,931
Interest-bearing liabilities, net	1,558	1,122	1,558	1,122	1,074
Cash flow from operating activities	78	-10	179	-212	16
Net investments in property, plant and equipment	-29	-61	-59	-120	-167

Employees

Number of employees (FTE's), end of period	3,063	2,995	3,063	2,995	3,043
Average number of employees (FTE's)	3,058	2,956	3,058	2,956	3,019

Financial ratios (% , unless otherwise stated)

Adjusted organic growth	-1.0	12.4	2.8	12.9	12.9
Gross profit margin	22.7	22.9	22.9	23.0	23.4
EBITDA margin	6.6	7.7	7.2	7.9	8.5
EBITA margin	4.9	6.3	5.6	6.6	7.1
Net working capital (end of period NWC)/revenue (LTM)	16.3	14.1	16.3	14.1	15.9
Gearing (net interest-bearing liabilities/EBITDA), no. of times	1.4	1.1	1.4	1.1	0.9
Return on equity (ROE)	32.7	35.1	32.7	35.1	34.0
Equity ratio	27.9	28.2	27.9	28.2	32.7

Share ratios (DKK)

Earnings per share outstanding (EPS)	10.54	20.13	30.40	43.13	90.37
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In all material aspects financial ratios are calculated in accordance with the Danish Finance Society's "Recommendations & Financial Ratios".

Q2 Financial messages

- Q2 EBITDA of DKK 214m in line with our expectations.
- Adjusted for one-off price effects the underlying EBITDA margin was slightly improved.
- We confirm our 2023 EBITDA guidance of DKK 900m.

Business update

Core+ strategy update

The introduction of several initiatives within our four strategic focus areas is paying off and will not only support our ambitions for 2023 but also for the years to come.



Concepts

Product consolidation across our footprint to ensure our product assortment is aligned.

Concepts is now firmly rooted in Drive-ins, where the offering has become part of daily sales.

Our operating model has been fully implemented and rolled out - ensuring focus, alignment and execution.

Ongoing optimisation of concept assortment ensuring it meets customer demand and the current market situation.



Climate & Energy

ThermoNova acquisition has led to the establishment of Solar Industrial Solutions (HP & PV).

Cross-border alignment on heat pumps and solar panels to respond to customer specific needs at speed in constantly changing markets.

Launch of Solar Zero Concept across all Climate & Energy sub-categories.

Alignment of solar panel & heat pump brands across Solar markets leveraging Solar Group's strength.



Industry

Fully transitioned to a cross-border based vertical organisational structure – encompassing Denmark, Norway, Sweden and the Netherlands.

Continued focus on our Swedish market fuels solid growth within both OEM and MRO.

Fibre infrastructure contracts are coming to an end, which are partly being replaced by incoming DNO (Distribution Network Operator) contracts.



Trade

Trade is recently established in the Swedish and Norwegian markets and is now showing growth across all four markets.

MRO B2B continues to drive growth, particularly within procurement collaboration across different sectors, such as hotels, fitness centres etc.

Our Solar Select concept has been well received by the Trade segment and has shown progress since the introduction.

2023 Ambitions

Today

>25%
of revenue

Our Concepts continue to perform and convert sales.

2023 Ambitions

Today

>40%
CAGR

Climate & Energy continues to see increased demand despite temporary slowdown in Denmark.

2023 Ambitions

Today

>35%
of revenue

Continued growth in all our Industry sub-segments.

2023 Ambitions

Today

>15%
CAGR

Trade continues to deliver growth.

Business update

Strengthening margin and earnings

We launched our Core and Core+ strategy in 2018 and 2021 respectively, largely targeting Concepts and Industry as well as efficiency in general. We boosted our EBITDA from DKK 362m* in 2017 to a projected DKK 900m in 2023.

Concepts

Our Concepts embody five elements – price, quality, availability, coverage and delivery, which makes them a strong alternative to the A-brand. Conversion to a concept delivers an increase to our EBITDA margin and ensures higher value for our customers. The concepts are a win-win situation for both customers and Solar.

With a strong focus on driving our concept share, we have achieved a 23% share of revenue, which corresponds to a +2 percentage point growth. We are therefore well on our way to reaching our target of 25% share of revenue even in a period with high revenue growth in areas where concepts are not available.

Industry

The industry segment comprises four sub-segments – Infrastructure, MRO, OEM and Marine & Offshore.

We have seen strong growth in all four segments, boosting the share of revenue by 2 percentage points and reaching 34%. We have also significantly increased our segment profit margin.

Growth has not only supported our margin, but has also had a positive effect by diversifying our business and lowering the impact from the cyclical trends inherent in 'new build projects'.

Efficiency

Efficiency is of paramount importance and in this respect, internal and external digitalisation and automation are our main drivers.

Digitalisation covers the installation of SAP across all our main entities, which has increased the insight and control of our local warehouses, enhanced customer understanding and sharpened our ability to adapt to different market situations significantly faster.

We also strive to transfer our customers onto our digital platforms, which are available on their preferred browser and as a mobile app. In this way, we are offering our customers greater flexibility and availability when placing orders. In May 2023, our Solar mobile app won a silver medal at the Danish Digital Awards in the 'customer experience' category.

Automation is focused largely on our warehouses, where we have installed AutoStore in Norway, Denmark and the Netherlands to further improve customer experience and take automation to a new level.

As a leading digital company, we will invest in the continuous improvement of our business by deploying tried and tested technology.



*Not adjusted for IFRS 16, Leasing

Business update

Solar's concepts make the difference



I always buy Solar Plus items wherever possible. My employees can access what their customers want every time, which means satisfied customers.

Solar's webshop is designed so that we can always get Solar Plus alternatives. We can also see how much we save by converting to Solar Plus. There are substantial sums to be saved – every time.

.....
Kim Boysen,
Co-owner of Hjerting Installationsforretning



About Hjerting Installationsforretning

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Hjerting Installationsforretning is a Danish electrical installation company based in Esbjerg, Denmark. The firm has 13 employees and services commercial, industrial and domestic customers.

The company is focused on 'treating customers as we would wish to be treated'. And their flexibility stems from employees being encouraged to collaborate across their own areas of expertise.

solar plus

Solar Plus is one of a number of Solar concepts and covers the majority of products used by our customers on a daily basis. High quality, a competitive price and constant availability are what set us apart. You can read more about Solar's concepts at:

→ www.solar.eu/products-solutions/concepts/

Sustainability

Solar plants 116,000 trees for the benefit of climate and environment

Trees for the future

Sustainability is a vital part of our strategy. Our sustainability framework, Green Together, centres upon the three pillars: environment, social and governance. Solar goes above and beyond by focusing not only on becoming CO₂-neutral in scope 1 and 2 no later than 2030 but also aims to improve biodiversity and help improve life on land by afforestation.

Solar's investment in the planting of a new forest just outside the head office in Vejen, Denmark, is an important aspect of our ambitious sustainability strategy. As it was of prime importance for Solar to follow the afforestation project at close hand and play an active part, proximity was a key factor in the choice of location.

Afforestation and increasing biodiversity are a long-term investment in nature. Both are beneficial to the climate and the environment as trees retain emissions, protect groundwater and help improve the living conditions of animals.



Solar has converted 38 hectares of agricultural land into a new forest in Vejen, Denmark, where 116,000 trees have been planted: 35% deciduous and 65% coniferous. The initiative takes into account both the climate and the environment as coniferous trees have an approximately 65% greater CO₂ absorption rate compared to deciduous trees, which have a substantial effect on biodiversity. The forest and its operation will be certified under the FSC global labelling system.

Financial review

Q2 EBITDA of DKK 214m is on par with expectations

Our continuous focus on gross profit margin and our cost containment initiatives continued to deliver in Q2. Adjusted for one-off price effects, the underlying EBITDA margin improved slightly.

(Figures in brackets are figures from the corresponding period in 2022)

Q2 2023

Revenue

As expected, Q2 saw declining growth. Revenue decreased to DKK 3.3bn (DKK 3.5bn) and adjusted organic growth at group level amounted to -1.0% (12.4%). Solar Norge and MAG45 delivered positive adjusted organic growth.

Climate & Energy, one of our strategic focus areas, delivered very strong growth rates, corresponding to revenue of almost DKK 375m even though the substantial slowdown in Denmark seen in March continued in Q2. We expect the sale of heat pumps to pick up when the new subsidy scheme is implemented, which is expected late Q3.

The Industry and Trade segments posted adjusted organic growth of 1% and 8% respectively, while the Installation segment posted adjusted organic growth of -3%, see page 24.

Gross profit

The gross profit margin decreased to 22.7% (22.9%). However, the underlying gross profit margin improved in Q2 2023. By way of comparison, one-off price effects improved the underlying gross profit margin by approx. 1.3 percentage points in Q2 2022, while one-off price effects were negligible in Q2 2023.

External operating costs and staff costs

External operating costs and staff costs amounted to 15.9% (14.9%) of revenue.

Several measures were initiated in Q1, including cost containment, process improvements and staff reduction to reduce the impact of cost inflation. The initiatives became effective in Q2 as total external operating costs and staff costs declined compared to Q1 2023 and were on a par with Q2 2022 despite the impact of inflation.

Loss on trade receivables

We conduct efficient credit management also in the currently unpredictable market conditions. As a result, our loss on trade receivables decreased to DKK 6m (DKK 9m).

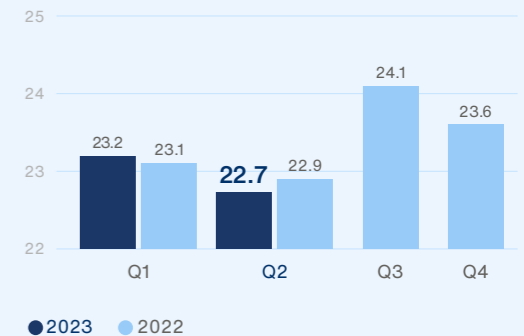
EBITDA

EBITDA of DKK 214m (DKK 267m) was on a par with expectations. When adjusted for one-off price effects in Q2 2022, the underlying EBITDA margin improved slightly to 6.6% (6.4%). The EBITDA level was supported by improvements across all our strategic focus areas.

The results of the individual markets are given on page 26.

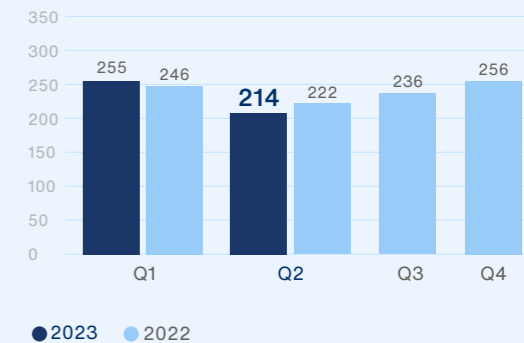
Gross profit margin

Percentage



EBITDA adj. for one-off price effects*

DKK m



*Price effects: Price increases above normal level related to goods on stock.

Financial review - continued

Depreciation and write-down

Depreciation and write-down on property, plant and equipment increased to DKK 55m (DKK 49m). The expansion of the central warehouse in Vejen, Denmark, and the implementation of AutoStore were completed in Q4 2022 and the investment is now being depreciated.

Amortisation and impairment of intangible assets

Amortisation and impairment of intangible assets amounted to DKK -38m (DKK -16m) as an impairment loss on Højager Belysning of DKK 20m was recognised in Q2 2023.

Financials

Net financials amounted to DKK -20m (DKK -8m) and were negatively affected by increased debt and interest rates.

Earnings before tax

Earnings before tax decreased to DKK 101m (DKK 193m) as Q2 2022 was positively affected by one-off price effects of DKK 45m.

Net profit

Net profit came to DKK 77m (DKK 147m).

H1 2023

Revenue

As expected, we saw declining growth in H1. Adjusted organic growth at group level amounted to 2.8% (12.9%), while revenue was unchanged at DKK 6.9bn.

Gross profit

Gross profit was almost unchanged at DKK 1.6bn and gross profit margin amounted to 22.9% (23.0%).

However, adjusted for one-off price effects the underlying gross profit margin improved by approx. 0.7 percentage points.

External operating costs and staff costs

External operating costs and staff costs amounted to 15.6% (14.9%).

Several measures were initiated in H1, including cost containment, process improvements and staff reduction to reduce the impact of cost inflation. The initiatives became effective in Q2 as total external operating costs and staff costs declined compared to Q1 2023 and were on a par with Q2 2022 despite the impact of inflation.

EBITDA

EBITDA of DKK 494m (DKK 548m) was as expected.

When adjusted for one-off price effects, the underlying EBITDA was on a par with H1 2022 corresponding to an unchanged underlying EBITDA margin of 6.8%.

The results of the individual markets are shown on page 26.

Financials

Net financials amounted to DKK -40m (DKK -13m) and were negatively affected by increased debt and interest rate.

Earnings before tax

Earnings before tax were down to DKK 290m (DKK 410m) as H1 2022 was positively impacted by one-off price effects of DKK 80m.

Net profit

Net profit came to DKK 222m (DKK 315m).

Cash flow

Net working capital calculated as an average of the previous four quarters amounted to 16.2% (12.3%) of revenue. Net working capital at the end of H1 2023 amounted to 16.3% (14.1%) down from the level seen in Q1 2023.

Cash flow from operating activities totalled DKK 179m (DKK -212m). Changes in inventories had an impact of DKK -57m (DKK -159m). The inventory increase is due to strong growth within our strategic focus area Climate & Energy. In total, Climate & Energy products increased the inventory by more than DKK 200m in H1 2023.

Changes in receivables had a DKK -125m (DKK -495m) impact on cash flow affected by a lower growth level in June 2023, while changes in non-interest-bearing liabilities affected cash flow by DKK 3m (DKK -37m).

Total cash flow from investing activities amounted to DKK -216m (DKK -174m). The acquisition of ThermoNova in H1 2023, see note 3.1, had an impact of DKK -111m. In H1 2022, the investment in the expansion and upgrade of our central warehouse in Denmark affected cash flow by DKK -98m, while the acquisition of Højager Belysning A/S had an impact of DKK -24m.

Cash flow from financing activities amounted to DKK 133m (DKK 4m), mainly affected by dividend distributions of DKK -329m (DKK -658m) and by the change in current interest-bearing debt of DKK 381m (DKK 723m).

As a result, total cash flow amounted to DKK 96m (DKK -382m).

Net interest-bearing liabilities amounted to DKK 1,558m (DKK 1,122m).

As at 30 June 2023, gearing was 1.4 (1.1) times EBITDA. Calculated as an average, our gearing was 1.2 (0.5) times EBITDA. Our gearing target is 1.5-3.0 times EBITDA.

As at 30 June 2023, Solar had undrawn credit facilities of DKK 864m (DKK 85m).

Invested capital

Invested capital for the Solar Group totalled DKK 3,342m (DKK 2,675m). ROIC amounted to 20.5% (25.5%).

Activities with a Solar equity interest of less than 50% and activities attributable to non-controlling interests are not included in the ROIC calculation. Invested capital only includes operating assets and liabilities.

Key risks and mitigation

The commercial and financial risks relating to our activities are detailed in Solar's 2022 Annual Report.

No additional material risks have been identified but we continue to monitor the situation closely.

Our segments Q2

Positive growth for our Industry and Trade segments in Q2

Installation

Our Installation segment covers the installation of electrical, heating and plumbing products.

Installation revenue for Q2 amounted to DKK 1,843m (DKK 2,028m), which corresponds to overall adjusted organic growth of around -3% (11%) related to the electrical business and the heating and plumbing business. Solar Norge saw positive growth for the Installation segment.

Segment profit amounted to DKK 204m (DKK 244m), which corresponds to a segment profit margin of 11.1% (12.0%).

Industry

This segment covers the industry, offshore and marine industries as well as utilities and infrastructure. Industry also includes MAG45 and ThermoNova.

Industry revenue for Q2 amounted to DKK 1,119m (DKK 1,145m). This corresponds to overall adjusted organic growth of around 1% (18%) related primarily to MRO. MAG45 posted double-digit growth, while Solar Danmark and Solar Nederland saw negative growth.

Segment profit amounted to DKK 188m (DKK 197m). This corresponds to a segment profit margin of 16.8% (17.2%).

Trade

Our Trade segment covers special sales and other small areas. It also includes Solar Polaris and Højager Belysning.

Revenue from Trade for Q2 increased to DKK 288m (DKK 278m), which corresponds to overall adjusted organic growth of around 8% (-2%) supported by strong growth for Solar Danmark, Solar Nederland and Solar Norge.

Segment profit amounted to DKK 34m (DKK 40m), which corresponds to a segment profit margin of 11.8% (14.4%).

Segment profit includes any items that are directly attributable to the individual segment and any items that can be reliably allocated to the individual segment.

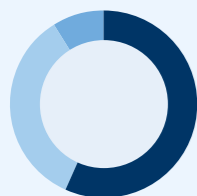
Segment profit does not include non-allocated costs of DKK 212m (DKK 214m) in Q2, which cover income and costs related to joint group functions and to costs, which cannot be reliably allocated to the individual segment.

Detailed segment information is given on page 24.

Segment revenue

DKKm

Q2 2023



● Installation

1,843

● Industry

1,119

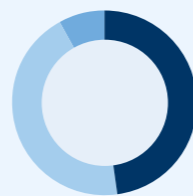
● Trade

288

Segment profit

DKKm

Q2 2023



● Installation

204

● Industry

188

● Trade

34

Overview business segments

DKK million	Q2					
	Revenue		Segment profit		Segment margin %	
	2023	2022	2023	2022	2023	2022
Installation	1,843	2,028	204	244	11.1	12.0
Industry	1,119	1,145	188	197	16.8	17.2
Trade	288	278	34	40	11.8	14.4
Solar Group	3,250	3,451	426	481	13.1	13.9

Our segments H1

Growth above 5% for our Industry and Trade segments in H1

Installation

Installation revenue for H1 amounted to DKK 3,926m (DKK 4,063m), which corresponds to overall adjusted organic growth of around 0% (10%) related primarily to the electrical business. Solar Norge, Solar Nederland and Solar Sverige saw growth in the segment.

Segment profit decreased to DKK 464m (DKK 500m), which corresponds to a segment profit margin of 11.8% (12.3%).

Industry

Industry revenue for H1 increased to DKK 2,346m (DKK 2,265m). This corresponds to overall adjusted organic growth of around 6% (18%) related primarily to MRO and Marine & Offshore. Solar Norge and MAG45 posted double-digit growth.

Segment profit increased to DKK 407m (DKK 395m). This corresponds to a segment profit margin of 17.3% (17.4%).

Trade

Revenue from Trade amounted to DKK 634m (DKK 585m), which corresponds to overall adjusted organic growth of around 8% (14%) primarily supported by strong growth for Solar Norge and Solar Nederland.

Segment profit amounted to DKK 83m (DKK 80m), which corresponds to a segment profit margin of 13.1% (13.7%).

Segment profit includes any items that are directly attributable to the individual segment and any items that can be reliably allocated to the individual segment.

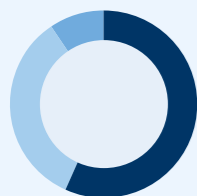
Segment profit does not include non-allocated costs of DKK 460m (DKK 427m) in H1, which cover income and costs related to joint group functions and to costs, which cannot be reliably allocated to the individual segment.

Detailed segment information is given on page 25.

Segment revenue

DKKm

H1 2023

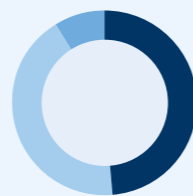


● Installation	3,926
● Industry	2,346
● Trade	634

Segment profit

DKKm

H1 2023



● Installation	464
● Industry	407
● Trade	83

Overview business segments

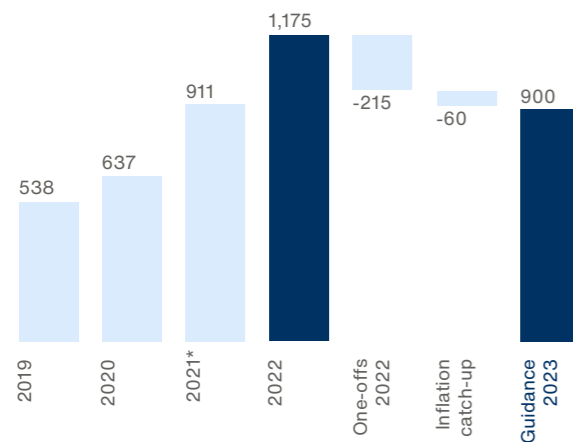
DKK million	H1					
	Revenue		Segment profit		Segment margin %	
	2023	2022	2023	2022	2023	2022
Installation	3,926	4,063	464	500	11.8	12.3
Industry	2,346	2,265	407	395	17.3	17.4
Trade	634	585	83	80	13.1	13.7
Solar Group	6,906	6,913	954	975	13.8	14.1

Guidance 2023

We confirm our EBITDA guidance of DKK 900m for 2023

We confirm our revenue guidance of DKK 13,500m and EBITDA guidance of DKK 900m.

EBITDA DKKm



* Including one-off income of DKK 112m

General assumptions

Due to the heightened geopolitical and macro-economic uncertainty (ref. page 28 of the annual report 2022), our market outlook is characterised by greater unpredictability.

As expected, cost and wage inflation increased during H1. We expect this to continue for the remainder of 2023, albeit at a slower pace. We have implemented, and will continue to implement, mitigating measures including cost containment, process improvements and the necessary staff reductions to ensure that the expected impacts from cost and wage inflation remain well below general price increases.

Over the past years, we have seen substantial price increases from our suppliers. As expected, in H1 we saw a slowdown in price increases to pre-Covid levels. However, Solar has a proven track record of strong price management.

Our 2023 guidance does not include any significant restructuring costs.

Market outlook for Solar's segments

Overall, we expect markets to be stagnant or negative in all countries throughout 2023. This will become more evident in H2 as the roll-over effects from price increases in 2022 wear off.

In general, we expect all segments to show weaker growth in H2 compared to H1 2023.

Installation

We expect negative growth for the new construction sector in 2023. The green transition will, however, continue to deliver strong growth rates. We expect the installation market to be stagnant or negative.

Industry

The guidance assumes that sales to Marine/Offshore and MRO will continue to grow, albeit at a slower pace, whereas we expect all other sub-segments to be stagnant or negative.

Overall, we expect the industry market to be stagnant.

Trade

We expect modest growth for special sales in 2023, which is the Trade segment's primary activity.

Financial outlook 2023

Revenue guidance

We confirm our revenue guidance of DKK 13,500m, corresponding to unchanged adjusted organic growth of approx. 0%.

In the wake of substantial price increases in 2022, we delivered positive growth in H1, whereas we expect negative growth in H2.

Adjusted for price increases, mainly roll-over effects from 2022, we expect negative growth in all main segments, which will only partly be offset by the expected strong growth within Climate & Energy.

EBITDA guidance

We confirm our EBITDA guidance of approx. DKK 900m, which corresponds to an EBITDA margin of approx. 6.7%.

We saw substantial positive one-off price effects in 2022. We expect this to normalise in 2023, which means that no major one-off price effects are included in our guidance.

Shareholder information

Share and webcast information

Solar's share capital is divided into nominal value DKK 90 million A shares and nominal value DKK 646 million B shares.

Total shareholder return

The total shareholder return of the Solar B share during the holding period 1 January - 30 June 2023 was -11.3% including the DKK 45.00 ordinary dividend that was paid out in March 2023.

Audio webcast

The presentation of the Quarterly Report Q2 2023 will be conducted in English on 10 August 2023 at 11:00 CET. The presentation will be transmitted as an audio webcast and will be available at:

[→ www.solar.eu](http://www.solar.eu)

The Solar share

	A share	B share
Shares	900,000	6,460,000
Nominal value (DKK)	100	100
Votes per share	10	1
Treasury shares	-	56,813
Stock Exchange	-	Nasdaq Copenhagen Stock Exchange
Ticker symbol		Solar B
Share price 30 June (DKK)	505	505
Market Cap 30 June (DKKm)	455	3,262

Financial calendar 2023

10 Aug	Quarterly Report Q2 2023
02 Nov	Quarterly Report Q3 2023

Shareholders with more than 5% of shares or votes

Shareholders according to section 55 of the Danish Companies Act	Share Capital	Votes
The Fund of 20th December, Vejen, Denmark	17.0%	60.5%
Nordea Funds Ltd., Helsinki, Finland	10.4%	5.0%

Q2 2023

Consolidated financial statements

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Quarterly information

Statement

Statement of comprehensive income

Income statement

DKK million	Q2		H1		Year
	2023	2022	2023	2022	2022
Revenue	3,250	3,451	6,906	6,913	13,863
Cost of sales	-2,513	-2,661	-5,322	-5,323	-10,618
Gross profit	737	790	1,584	1,590	3,245
Other operating income and costs	0	0	1	1	0
External operating costs	-98	-91	-217	-187	-386
Staff costs	-419	-423	-861	-841	-1,656
Loss on trade receivables	-6	-9	-13	-15	-28
Earnings before interest, tax, depreciation and amortisation (EBITDA)	214	267	494	548	1,175
Depreciation and write-down on property, plant and equipment	-55	-49	-109	-94	-197
Earnings before interest, tax and amortisation (EBITA)	159	218	385	454	978
Amortisation and impairment of intangible assets	-38	-16	-55	-30	-69
Earnings before interest and tax (EBIT)	121	202	330	424	909
Share of net profit from associates	0	-1	0	-1	-1
Financial income	16	12	31	22	53
Financial expenses	-36	-20	-71	-35	-103
Earnings before tax (EBT)	101	193	290	410	858
Income tax	-24	-46	-68	-95	-198
Net profit for the period	77	147	222	315	660
Attributable to:					
Shareholders of Solar A/S	77	147	222	315	660
Non-controlling interests	0	0	0	0	0
Net profit for the period	77	147	222	315	660
Earnings in DKK per share outstanding (EPS)	10.54	20.13	30.40	43.13	90.37
Diluted earnings in DKK per share outstanding (EPS-D)	10.52	20.07	30.31	43.00	90.05

Other comprehensive income

DKK million	Q2		H1		Year
	2023	2022	2023	2022	2022
Net profit for the period	77	147	222	315	660
Items that can be reclassified for the income statement					
Foreign currency translation adjustments of foreign subsidiaries	-27	-35	-63	-28	-51
Fair value adjustments of hedging instruments before tax	1	12	0	25	36
Tax on fair value adjustments of hedging instruments	0	-3	0	-6	-8
Other income and costs recognised after tax	-26	-26	-63	-9	-23
Total comprehensive income for the period	51	121	159	306	637
Attributable to:					
Shareholders of Solar A/S	51	121	159	306	637
Non-controlling interests	0	0	0	0	0
Total comprehensive income for the period	51	121	159	306	637

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DKK million	30.06		31.12
	2023	2022	2022
Assets			
Intangible assets	328	183	173
Property, plant and equipment	967	961	963
Right-of-use assets	420	346	383
Deferred tax asset	9	12	9
Investments in associates	5	4	4
Other non-current assets	32	51	32
Non-current assets	1,761	1,557	1,564
Inventories	2,276	1,991	2,248
Trade receivables	1,922	1,957	1,859
Income tax receivable	22	4	13
Other receivables	15	14	9
Prepayments	59	57	42
Cash at bank and in hand	262	99	166
Current assets	4,556	4,122	4,337
Total assets	6,317	5,679	5,901

DKK million	30.06		31.12
	2023	2022	2022
Equity and liabilities			
Share capital	736	736	736
Reserves	-244	-167	-181
Retained earnings	1,269	1,031	1,047
Proposed dividends for the financial year	0	0	329
Equity attributable to shareholders of Solar A/S	1,761	1,600	1,931
Non-controlling interests	49	0	0
Total equity	1,810	1,600	1,931
Interest-bearing liabilities	439	116	293
Lease liabilities	307	247	274
Provision for deferred tax	138	133	133
Other provisions	10	10	9
Non-current liabilities	894	506	709
Interest-bearing liabilities	953	754	556
Lease liabilities	121	104	117
Trade payables	1,933	2,092	1,902
Income tax payable	46	59	63
Other payables	536	545	604
Prepayments	4	2	2
Other provisions	20	17	17
Current liabilities	3,613	3,573	3,261
Liabilities	4,507	4,079	3,970
Total equity and liabilities	6,317	5,679	5,901

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DKK million	Q2		H1		Year
	2023	2022	2023	2022	2022
Net profit of continuing operations for the period	77	147	222	315	660
Depreciation, write-down and amortisation	93	65	164	124	266
Changes to provisions and other adjustments	-7	-9	-9	-12	-18
Share of net profit from associates	0	1	0	1	1
Financials, net	20	7	40	13	50
Income tax	24	46	68	95	198
Financial income, received	5	3	9	6	15
Financial expenses, settled	-24	-7	-42	-14	-43
Income tax, settled	-51	-20	-94	-49	-155
Cash flow before working capital changes	137	233	358	479	974
Working capital changes					
Inventory changes	65	-173	-57	-159	-433
Receivables changes	179	36	-125	-495	-394
Non-interest-bearing liabilities changes	-303	-106	3	-37	-131
Cash flow from operating activities	78	-10	179	-212	16

DKK million	Q2		H1		Year
	2023	2022	2023	2022	2022
Investing activities					
Purchase of intangible assets	-25	-14	-45	-30	-59
Purchase of property, plant and equipment	-30	-61	-60	-120	-167
Disposal of property, plant and equipment	1	0	1	0	0
Acquisition of subsidiaries and activities*	0	0	-111	-24	-24
Acquisition of associates	0	0	-1	0	0
Other financial investments	0	0	0	0	1
Cash flow from investing activities	-54	-75	-216	-174	-249
Financing activities					
Repayment of non-current interest-bearing debt	-3	-2	-5	-4	-12
Raising of non-current interest-bearing liabilities	150	0	150	0	185
Change in current interest-bearing debt	-154	400	381	723	519
Instalment on lease liabilities	-31	-28	-64	-57	-116
Dividends paid to shareholders of Solar A/S	0	-329	-329	-658	-658
Cash flow from financing activities	-38	41	133	4	-82
Total cash flow	-14	-44	96	-382	-315
Cash at bank and in hand at the beginning of period	276	143	166	481	481
Cash at bank and in hand at the end of period	262	99	262	99	166

*In the comparative figures a minor reclassification has been made.

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DKK million	Share capital	Reserves for hedging transactions ¹	Reserves for foreign currency translation adjustments ¹	Retained earnings	Proposed dividends	Equity attributable to Shareholders of Solar A/S	Non controlling interests	Total equity
2023								
Equity as at 1 January	736	-9	-172	1,047	329	1,931	0	1,931
Foreign currency translation adjustments of foreign subsidiaries			-63			-63		-63
Fair value adjustments of hedging instruments before tax		0				0		0
Tax on fair value adjustments		0				0		0
Net income recognised in equity via other comprehensive income in the statement of comprehensive income	0	0	-63	0	0	-63	0	-63
Net profit or loss for the period				222		222		222
Comprehensive income	0	0	-63	222	0	159	0	159
Distribution of dividends (DKK 45.00 per share)					-329	-329		-329
Non-controlling interests on acquisition of subsidiary						0	49	49
Transactions with the owners	0	0	0	0	-329	-329	49	-280
								0
Equity as at 30 June	736	-9	-235	1,269	0	1,761	49	1,810

1. Reserves for hedging transactions and reserves for foreign currency translation adjustments are recognised in the balance sheet as a total amount under reserves.

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DKK million	Share capital	Reserves for hedging transactions ¹	Reserves for foreign currency translation adjustments ¹	Retained earnings	Proposed dividends	Equity attributable to Shareholders of Solar A/S	Non controlling interests	Total equity
2022								
Equity as at 1 January	736	-37	-121	1,045	329	1,952	0	1,952
Foreign currency translation adjustments of foreign subsidiaries			-28			-28		-28
Fair value adjustments of hedging instruments before tax		25				25		25
Tax on fair value adjustments		-6				-6		-6
Net income recognised in equity via other comprehensive income in the statement of comprehensive income	0	19	-28	0	0	-9	0	-9
Net profit or loss for the period				315		315		315
Comprehensive income	0	19	-28	315	0	306	0	306
Distribution of dividends (DKK 45.00 per share)					-329	-329		-329
Distribution of extraordinary dividend (DKK 45 per share)				-329		-329		-329
Transactions with the owners	0	0	0	-329	-329	-658	0	-658
Equity as at 30 June	736	-18	-149	1,031	0	1,600	0	1,600

1. Reserves for hedging transactions and reserves for foreign currency translation adjustments are recognised in the balance sheet as a total amount under reserves.

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Section 1 Basis for preparation

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01 Basis for preparation

1.1 Accounting policies

The financial report for Solar A/S has been prepared in accordance with IAS 34 “Presentation of interim reports” as approved by the EU and additional Danish disclosure requirements for quarterly reports of listed companies.

On 1 March 2023 Solar acquired 51% of ThermoNova A/S, see note 3.1. Solar recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest’s proportionate share of the acquired entity’s net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in ThermoNova A/S, Solar decided to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets.

The accounting items of subsidiaries are included in full in the consolidated financial statements. Non-controlling interests’ share in the results and equity of subsidiaries is included in the Group’s profit/loss and equity but an allocation is shown separately in the consolidated income statement, statement of other comprehensive income, balance sheet and statement of changes in equity respectively.

Solar’s segment information is based on the customers’ affiliation with the segments. ThermoNova’s revenue and results are included in the operating segment Industry.

Apart from the above-mentioned addition regarding non-controlling interests and the effect of new IAS/IFRS standards implemented during the period, the accounting policies remain unchanged from the Annual Report 2022, which contains a full description of these on pages 50-52 as well as of relevant, supplementary notes.

In the financial report, income tax has been calculated on the basis of pre-tax profits at the expected average tax rate.

New accounting standards implemented during the period

An additional standard together with amendments and improvements to existing standards have become effective in the period. These changes have no impact on Solar’s accounting policies.

New accounting standards to be implemented in coming accounting periods

New or amended standards issued as at 30 June 2023 and to be implemented in coming accounting periods are not expected to have significant impact on Solar’s accounting policies.

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2.1 Segment information

Solar's business segments are Installation, Industry and Trade and are based on the customers' affiliation with the segments. Installation covers installation of electrical, and heating and plumbing products, while Industry covers industry, offshore and marine, and utility and infrastructure. Trade covers special sales and other small areas. The three main segments have been identified without aggregation of operating segments. Segment income and costs include any items that are directly

attributable to the individual segment and any items that can be reliably allocated to the individual segment. Non-allocated costs refer to income and costs related to joint group functions and costs, which can not be reliably allocated to the individual segment. Assets and liabilities are not included in segment reporting.

DKK million	Installation	Industry	Trade	Total
Q2 2023				
Revenue	1,843	1,119	288	3,250
Cost of sales	-1,451	-831	-231	-2,513
Gross profit	392	288	57	737
Direct costs	-69	-40	-10	-119
Earnings before indirect costs	323	248	47	618
Indirect costs	-119	-60	-13	-192
Segment profit	204	188	34	426
Non-allocated costs				-212
Earnings before interest, tax, depreciation and amortisation (EBITDA)				214
Depreciation and amortisation				-93
Earnings before interest and tax (EBIT)				121
Financials, net incl. share of net profit from associates and impairment on associates				-20
Earnings before tax (EBT)				101

DKK million	Installation	Industry	Trade	Total
Q2 2022				
Revenue	2,028	1,145	278	3,451
Cost of sales	-1,589	-856	-216	-2,661
Gross profit	439	289	62	790
Direct costs	-69	-33	-10	-112
Earnings before indirect costs	370	256	52	678
Indirect costs	-126	-59	-12	-197
Segment profit	244	197	40	481
Non-allocated costs				-214
Earnings before interest, tax, depreciation and amortisation (EBITDA)				267
Depreciation and amortisation				-65
Earnings before interest and tax (EBIT)				202
Financials, net incl. share of net profit from associates and impairment on associates				-9
Earnings before tax (EBT)				193

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02 Income statement

2.1 Segment information – continued

DKK million	Installation	Industry	Trade	Total	DKK million	Installation	Industry	Trade	Total
H1 2023					H1 2022				
Revenue	3,926	2,346	634	6,906	Revenue	4,063	2,265	585	6,913
Cost of sales	-3,076	-1,742	-504	-5,322	Cost of sales	-3,174	-1,688	-461	-5,323
Gross profit	850	604	130	1,584	Gross profit	889	577	124	1,590
Direct costs	-139	-76	-19	-234	Direct costs	-136	-65	-19	-220
Earnings before indirect costs	711	528	111	1,350	Earnings before indirect costs	753	512	105	1,370
Indirect costs	-247	-121	-28	-396	Indirect costs	-253	-117	-25	-395
Segment profit	464	407	83	954	Segment profit	500	395	80	975
Non-allocated costs				-460	Non-allocated costs				-427
Earnings before interest, tax, depreciation and amortisation (EBITDA)				494	Earnings before interest, tax, depreciation and amortisation (EBITDA)				548
Depreciation and amortisation				-164	Depreciation and amortisation				-124
Earnings before interest and tax (EBIT)				330	Earnings before interest and tax (EBIT)				424
Financials, net incl. share of net profit from associates and impairment on associates				-40	Financials, net incl. share of net profit from associates and impairment on associates				-14
Earnings before tax (EBT)				290	Earnings before tax (EBT)				410

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2.1 Segment information – continued

Geographical information

Solar A/S primarily operates on the Danish, Swedish, Norwegian and Dutch markets. In the below table, Other markets covers the remaining markets, which can be seen in the group companies overview available on page 128 of Annual Report 2022 or on www.solar.eu. The below allocation has been made based on the products' place of sale.

DKK million	Revenue	Adjusted organic growth	EBITDA	EBITDA margin	Non-current assets
Q2 2023					
Denmark	1,009	-5.9	78	7.7	872
Sweden	606	-3.6	38	6.3	221
Norway	500	9.0	39	7.8	212
The Netherlands	795	-2.4	45	5.7	350
Poland	103	-3.2	2	1.9	47
Other markets	237	14.0	12	5.1	59
Solar Group	3,250	-1.0	214	6.6	1,761

DKK million	Revenue	Adjusted organic growth	EBITDA	EBITDA margin	Non-current assets
H1 2023					
Denmark	2,144	-3.5	177	8.3	872
Sweden	1,288	0.4	92	7.1	221
Norway	1,078	13.0	80	7.4	212
The Netherlands	1,719	4.8	113	6.6	350
Poland	197	-10.9	4	2.0	47
Other markets	480	18.7	28	5.8	59
Solar Group	6,906	2.8	494	7.2	1,761

DKK million	Revenue	Adjusted organic growth	EBITDA	EBITDA margin	Non-current assets
Q2 2022					
Denmark	1,082	9.5	100	9.2	740
Sweden	699	8.0	48	6.9	178
Norway	544	14.8	44	8.1	229
The Netherlands	814	18.3	59	7.2	329
Poland	105	6.1	5	4.8	26
Other markets	207	18.7	11	5.3	55
Solar Group	3,451	12.4	267	7.7	1,557

DKK million	Revenue	Adjusted organic growth	EBITDA	EBITDA margin	Non-current assets
H1 2022					
Denmark	2,199	11.1	208	9.5	740
Sweden	1,386	10.2	101	7.3	178
Norway	1,081	14.7	91	8.4	229
The Netherlands	1,627	14.3	115	7.1	329
Poland	220	24.2	12	5.5	26
Other markets	400	17.5	21	5.3	55
Solar Group	6,913	12.9	548	7.9	1,557

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3.1 Acquisition of subsidiaries

On 1 March 2023, Solar A/S acquired 42.5% of the shares of ThermoNova A/S, a Danish manufacturer of high-capacity heat pumps.

The acquisition price is made up of a fixed amount of DKK 111m and a variable amount, which will total DKK 10m at the most.

The variable amount is related to the required expansion of the production capacity.

Simultaneous Solar A/S subscribed new issued shares for DKK 50m in ThermoNova A/S. In total Solar A/S owns 51% of the shares.

The acquisition had an insignificant impact on Solar's H1 2023 revenue and EBITDA and is expected to have an insignificant impact on Solar's full year 2023 revenue and EBITDA. If the acquisition had occurred on 1 January 2023 the impact on Solar's full year 2023 revenue and EBITDA would have been insignificant as well.

Transaction costs related to the acquisition totalled DKK 5m. These have been recognised as part of external operating costs in the income statement.

The fair value of the customer related assets is based on the multi-period excess earnings-method (MEEM). The fair value has been calculated as the net present value (NPV) of the future net cash-flow derived from the sale to the customers minus a fair return on the assets used to generate the sale. An interest rate of 10% has been applied.

The main factors leading to the recognition of goodwill are:

- the presence of certain intangible assets, such as the assembled workforce and knowhow, which do not qualify for separate recognition
- expected synergies within sale which result in Solar being prepared to pay a premium.

The goodwill recognised will not be deductible for tax purposes.

For the non-controlling interests in ThermoNova A/S, the group decided to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets. See page 22 for Solar's accounting policies for business combinations.

2022

On 1 March 2022, Solar acquired the shares in the lighting company Højager Belysning A/S in Denmark.

Fair value at the date of acquisition (DKK million)

Customer-related intangible assets	42
Property, plant and equipment	1
Inventories	19
Trade receivables	12
Cash	53
Provision for deferred tax	-9
Other non-current liabilities, non-interest-bearing	-1
Current liabilities, non-interest-bearing	-16
Net assets	101
Non-controlling interest of acquired new assets	-49
Acquired net assets	52
Goodwill	122
Total consideration	174
Cash acquired	-53
Deferred consideration	-10
Net cash used in acquisition	111

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	Q1		Q2		Q3		Q4	
Income statement (DKK million)	2023	2022	2023	2022	2022	2021	2022	2021
Revenue	3,656	3,462	3,250	3,451	3,266	2,872	3,684	3,380
Earnings before interest, tax, depreciation and amortisation (EBITDA)	280	281	214	267	301	237	326	259
Earnings before interest, tax and amortisation (EBITA)	226	236	159	218	250	192	274	212
Earnings before interest and tax (EBIT)	209	222	121	202	231	179	254	197
Financials, net	-20	-5	-20	-8	-6	-20	-31	-11
Earnings before tax (EBT)	189	217	101	193	225	159	223	184
Net profit or loss for the quarter	145	168	77	147	176	124	169	159

Balance sheet (DKK million)

Non-current assets	1,756	1,487	1,761	1,557	1,545	1,393	1,564	1,415
Current assets	4,858	4,088	4,556	4,122	4,392	3,724	4,337	3,890
Balance sheet total	6,614	5,575	6,317	5,679	5,937	5,117	5,901	5,305
Total equity	1,759	1,808	1,810	1,600	1,764	1,784	1,931	1,952
Non-current liabilities	737	453	894	506	491	446	709	435
Current liabilities	4,118	3,314	3,613	3,573	3,682	2,887	3,261	2,918
Interest-bearing liabilities, net	1,530	617	1,558	1,122	1,205	450	1,074	-37
Invested capital	3,263	2,377	3,342	2,675	2,923	2,185	2,978	1,866
Net working capital, end of period	2,347	1,791	2,265	1,856	2,186	1,568	2,205	1,259
Net working capital, average	2,149	1,475	2,251	1,619	1,773	1,325	2,010	1,363

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Cash flows (DKK million)	Q1		Q2		Q3		Q4	
	2023	2022	2023	2022	2022	2021	2022	2021
Cash flow from operating activities	101	-202	78	-10	-14	-38	242	558
Cash flow from investing activities	-162	-99	-54	-75	-37	-65	-38	-53
Cash flow from financing activities	171	-37	-38	41	66	77	-152	-250
Net investments in intangible assets	-20	-16	-25	-14	-12	-14	-17	-16
Net investments in property, plant and equipment	-30	-59	-29	-61	-25	-51	-22	-35
Acquisition and divestment of subsidiaries and operations, net	-111	-24	0	0	0	0	0	0

Financial ratios (% unless otherwise stated)

Revenue growth	5.6	15.2	-5.8	11.4	13.7	9.7	9.0	10.6
Organic growth	8.3	15.4	-2.2	11.7	14.0	8.8	10.9	9.1
Adjusted organic growth	6.7	13.6	-1.0	12.4	14.0	8.8	12.0	7.1
Gross profit margin	23.2	23.1	22.7	22.9	24.1	23.0	23.6	22.9
EBITDA margin	7.7	8.1	6.6	7.7	9.2	8.3	8.8	7.7
EBITA margin	6.2	6.8	4.9	6.3	7.7	6.7	7.4	6.3
EBIT margin	5.7	6.4	3.7	5.9	7.1	6.2	6.9	5.8
Net working capital (end of period NWC)/revenue (LTM)	16.7	14.0	16.3	14.1	16.1	13.0	15.9	10.2
Net working capital (average NWC)/revenue (LTM)	15.3	11.5	16.2	12.3	13.1	11.0	14.5	11.0
Gearing (interest-bearing liabilities, net/EBITDA), no. of times	1.3	0.6	1.4	1.1	1.1	0.5	0.9	0.0
Return on equity (ROE)	35.0	31.9	32.7	35.1	38.6	19.7	35.7	28.4
Return on invested capital (ROIC)	23.2	26.5	20.5	25.5	25.3	23.6	25.5	24.6
Enterprise value/earnings before interest, tax and amortisation (EV/EBITA)	5.7	7.5	5.7	6.3	5.2	7.6	5.7	7.8
Equity ratio	25.9	32.4	27.9	28.2	29.7	34.9	32.7	36.8

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	Q1		Q2		Q3		Q4	
Share ratios (DKK unless otherwise stated)	2023	2022	2023	2022	2022	2021	2022	2021
Earnings per share outstanding (EPS)	19.85	23.00	10.54	20.13	24.10	16.98	23.14	21.77
Intrinsic value per share outstanding	234.14	247.56	241.13	219.08	241.54	244.28	264.41	267.28
Share price	553.54	749.19	506.42	597.09	492.34	632.86	622.62	795.05
Share price/intrinsic value	2.36	3.03	2.10	2.73	2.04	2.59	2.35	2.97

Employees

Number of employees (FTE's), end of period	3,085	2,996	3,063	2,995	3,042	2,897	3,043	2,936
Average number of employees (FTE's)	3,042	2,932	3,058	2,956	2,992	2,890	3,019	2,908

Definitions

Adjusted organic growth	Revenue growth adjusted for enterprises acquired and divested and any exchange rate changes. In addition adjustments have been made for number of working days.
Net working capital	Inventories and trade receivables less trade payables.
ROIC	Return on invested capital calculated on the basis of operating profit or loss less tax calculated using the effective tax rate.

In all material aspects financial ratios are calculated in accordance with the Danish Finance Society's "Recommendations & Financial Ratios".

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- **Statement**

Statement by the Executive Board and the Board of Directors

Today, the group's Board of Directors and Executive Board have discussed and approved the financial report of Solar A/S for the first six months of 2023

The financial report for the first six months of 2023, which has not been audited or reviewed by the company's auditor, is presented in accordance with IAS 34 "Interim Financial Reporting" as approved by the EU and additional Danish disclosure requirements for quarterly reports of listed companies.

In our opinion, the financial report gives a fair presentation of the group's assets, equity and liabilities and financial position as at 30 June 2023 as well as of the results of the group's activities and cash flow for the first six months of 2023.

Further, in our opinion, the management's review gives a true and fair statement of the development of the group's activities and financial situation, net profit for the period and of the group's overall financial position and describes the most significant risks and uncertainties that the group faces.

In our opinion, the financial report of Solar A/S for the first six months of 2023 with the file name SOLA-2023-06-30-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Vejen, 10 August 2023

Executive Board

Jens E. Andersen
CEO

Hugo Dorph
CCO

Michael H. Jeppesen
CFO

Board of Directors

Michael Troensegaard Andersen
Chair

Jesper Dalsgaard
Vice chair

Peter Bang

Katrine Borum

Morten Chrono

Denise Goldby

Louise Knauer

Rune Jesper Nielsen

Michael Kærgaard Ravn

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ESEF data

Name of reporting entity or other means of identification	Solar A/S
Domicile of entity	Denmark
Legal form of entity	A/S
Country of incorporation	Denmark
Address of entity's registered office	Industrivej Vest 43, 6600 Vejen
Principal place of business	Europe
Description of nature of entity's operations and principal business	Sourcing and services company
Name of parent entity	Solar A/S
Name of ultimate parent of group	Fund of 20th December